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Message Text

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ACTION EA-12

INFO OCT-01 AF-10 EUR-12 ISO-00 HA-05 ACDA-12 CIAE-00
INR-10 IO-13 L-03 NSAE-00 NSC-05 EB-08 NRC-05
OES-07 SOE-02 DODE-00 SS-15 SP-02 CEQ-01 PM-05
/128 W
----------067560 150704Z /21
R 150557Z JUN 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 3545
INFO AMCONSUL MELBOURNE
AMEMBASSY PARIS
AMCONSUL SYDNEY
AMEMBASSY TOKYO
AMEMBASSY VIENNA
DOE GERMANTOWN
DOE WASHINGTON
AMCONSUL JOHANNESBURG
AMCONSUL BRISBANE
AMCONSUL PERTH

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USOECD
USIAEA

EO 11652: NA
TAGS: EMIN, ENRG, AS
SUBJECT: ABORIGINAL DEMANDS DELAY URANIUM MINING STARTUP

REF: CANBERRA 0846 (NOTAL)

1. SUMMARY: ABORIGINAL INTRANSIGENCE AND EXORBITANT ROYALTY DEMANDS FROM THE MINING OF URANIUM ARE RESULTING IN THE DELAY OF MINE DEVELOPMENT IN THE NORTHERN TERRITORY DURING THE CURRENT DRY SEASON WHICH ENDS IN OCTOBER.
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THE PATIENCE OF THE AUSTRALIAN GOVERNMENT AND THE MINING COMPANIES IS BEING WORN THIN, AND IT WOULD NOT BE SURPRISING IF THE GOVERNMENT WERE TO TAKE A STRONG STAND AND PUSH FOR THE RESOLUTION OF THE ABORIGINAL ROYALTY PROBLEM.
END SUMMARY

2. THE ABORIGINAL URANIUM OFFENSIVE (SEE REFTEL) IS

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DESIGNED TO CONTROL MINING ACTIVITIES IN THE NORTHERN TERRITORY AS WELL AS OBTAIN ONE-THIRD OF THE CASH FLOW FROM URANIUM MINING VENTURES. THE REPRESENTATIONAL FRONT FOR THE TRADITIONAL ABORIGINAL LAND OWNERS IS THE NORTHERN LAND COUNCIL (NLC). THE REGIONAL RESOURCES ATTACHE WAS INFORMED THAT THE NLC WAS A GROUP OF REJECT AUSTRALIAN PUBLIC SERVANTS WHO USED TO WORK FOR THE DEPARTMENT OF ABORIGINAL AFFAIRS AND WORK WITH A VERY FEW ABORIGINALS ON THE NLC. THE CHAIRMAN OF NTHE NLC IS GALARRWUY YUNUPINGU, A NATIVE OF THE GROVE PENINSULA AREA OF THE NORTHERN TERRITORY. THE NLC HAS HIRED THE AMERICAN, STEVEN ZORN, AS THEIR ADVISOR IN NEGOTIATIONS WITH THE GOVERNMENT AND THE MINING COMPANIES. ZORN MAKES PERIODIC TRIPS TO AUSTRALIA AND IS RETAINED AT A FEE OF $A250/DAY.

3. WHILE ON A RECENT TRIP TO PANCONTINENTAL'S JABILUKA URANIUM MINE, THE RRA WAS INFORMED BY BOB RANDELL, AN ABORIGINAL EMPLOYED BY PANCON TO LIAISE WITH THE LOCAL ABORIGINAL COMMUNITY, THAT THE MEMBERS OF THE NLC ARE A GROUP OF INDIVIDUALS CONCERNED BASICALLY WITH THEIR OWN PERSONAL FINANCIAL WELFARE RATHER THAN WELL BEING OF THE ABORIGINAL COMMUNITY. RANDELL SAID THAT THE ABORIGINAL LANDOWNERS IN THE SMALL COMMUNITIES TO BE AFFECTED BY URANIUM MINING WANT MINING TO BEGIN BECAUSE THEY ARE AWARE OF THE BENEFITS THAT COULD ACCRU TO THEM FROM INCOME FROM MINING. THE ONLY DANGER INHERENT IN THE WHOLE NLC
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OPERATION, ACCORDING TO RANDELL, IS WHETHER OR NOT THE ABORIGINAL, LIVING IN THE BUSH OF THE NORTHERN TERRITORY, WILL INDEED BENEFIT FROM THE INCOME PAYABLE TO THE NLC FROM URANIUM MINING.

4. IT HAS BEEN REPORTED THAT MINISER FOR TRADE AND RESOURCES DOUG ANTHONY HAS BEEN ARGUING THAT THE ABORIGINALS SHOULD BE GIVEN 1.75 PERCENT ROYALTIES FROM THE RANGER MINE OVER AND ABOVE THE 2.5 PERCENT TO WHICH THEY ARE ENTITLED UNDER THE NORTHERN LAND RIGHTS LEGISLATION. THIS WOULD BRING ROYALTY PAYMENTS TO THE ABORIGINALS TO 3.75 PERCENT, AN AMOUNT THAT THE MINING INDUSTRY IS LIKELY TO SUPPORT. THE GOA PROPOSALS ARE WELL BELOW THE 36 PERCENT OF GROSS OPERATING PROFITS THAT THE NLC HAD PROPOSED LAST OCTOBER IN A DRAFT PROPOSAL. THE NLC REPORTEDLY HAS TOLD GOA OFFICIALS THAT THEY CAN DISCUSS ONLY THE QUESTION OF COMPENSATION IN PRINCIPLE UNTIL THE GOA ADVISES THE NLC OF THE TAXATION MEASURES IT WILL BE ADOPTING.

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INR-10 IO-13 L-03 NSAE-00 NSC-05 EB-08 NRC-05
OES-07 SOE-02 DODE-00 SS-15 SP-02 CEQ-01 PM-05
/128 W
----------067728 150704Z /21
R 150557Z JUN 78
FM AMEMBASSY CANBERRA
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5. IF THE NEGOTIATIONS BETWEEN THE ABORIGINALS ON THE ONE HAND AND THE GOA AND MINING COMPANIES ON THE OTHER, END IN A STALEMATE, THE ABORIGINAL LANDS RIGHT LEGISLATION PROVIDES FOR THE APPOINTMENT OF AN INDEPENDENT ARBITER. IT HAS BEEN REPORTED IN THE JUNE ISSUE OF "LAND RIGHTS NEWS" A NEWSLETTER OF ABORIGINALS PUBLISHED BY THE NLC, THAT ZORN SAYS THE PRIME MINISTER IS PREPARED TO APPOINT AN ARBITER FOR THE NEGOTIATIONS. GOA HAS NEITHER CONFIRMED NOR DENIED THIS ASSERTION.

6. ON THE QUESTION OF ABORIGINAL ROYALTIES, THE NLC DRAFT PROPOSAL ISSUED IN OCTOBER STATED THAT THE MONEY RECEIVED FROM THE MINING OPERATIONS WOULD BE USED AS
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FOLLOWS: 40 PERCENT WOULD BE SHARED BY THE NORTHERN AND CENTRAL LAND COUNCILS; 30 PERCENT WOULD GO TO THE LAND COUNCAL RESPONSIBLE FOR PEOPLE AFFECTED BY MINING; AND 30 PERCENT WOULD BE PAID TO

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THE ABORIGINAL BENEFIT TRUST FUND.

7. MAJORITY LEADER, PAUL EVERINGHAM, REPORTEDLY HAS TOLD THE NORTHERN TERRITORY LEGISLATIVE ASSEMBLY THAT THE GOA WOULD PAY THE NORTHERN TERRITORY 1.25 PERCENT OF THE VALUE OF ITS URANIUM. BUT, AS EXPECTED, THE NORTHERN TERRITORY WOULD NOT BE ABLE TO RAISE REVENUE BY CHARGING ROYALTIES FOR MINERALS OTHER THAN URANIUM AND MINERALS MINED ON ABORIGINAL LAND.

8. IN APRIL, THE NLC SUGGESTED THAT QUEENSLAND MINES' (QM) NABARLEK DEPOSIT SHOULD BEGIN FIRST BECAUSE IT WAS SMALLER AND EASIER TO UNDERSTAND. IT HAS BEEN REPORTED THAT THE NLC WOULD ASK QM FOR BETWEEN 30-36 PERCENT OF THE CASH FLOW.

9. IF QM WAS ABLE TO PROCEED TO DEVELOP THE MINE SITE DURING THE CURRENT DRY SEASON, PRODUCTION OF YELLOWCAKE COULD START SOMETIME IN 1980. QM IS A DOLS A 60 MILLION DEVELOPMENT TO ALLOW PRODUCTION OF ABOUT 1,000 TONNES OF YELLOWCAKE A YEAR FOR 8 YEARS. QM PLANS TO MINE AND STOCKPILE ALL THE ORE FROM ITS DEPOSIT WITHIN THE FIRST TWO YEARS AND USE THE OPEN CUT CREATED TO DISPOSE OF ITS TAILINGS.
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